

## **Issue Summary: Health Care Appropriations - Shands**

### **Problem Statement:**

The FY 2010-11 General Appropriations Act included a specific appropriation designating \$9.7 million in funding for Shands Teaching Hospital. Despite including this funding in his recommended budget, Governor Crist vetoed the appropriation in May 2010. Without this funding, Shands Hospital will be forced to make difficult budget reductions, including restricting admissions to underfunded Medicaid and charity patients, terminating the inpatient psychiatric unit, burn unit and the Shands at UF Level 1 Trauma Center, reducing care provided to pediatric heart patients, and eliminating many medical residencies.

### **Background:**

Since 1981, funds have been provided in the General Appropriations Act (GAA) for Shands Hospital for medical care for the poor. The funding had been historically provided in recognition of the amount of indigent care provided by the Shands Health Care System. The FY 2010-11 General Appropriations Act included \$9.7 million in funding for Shands Teaching Hospital.

### **Problem Addressed by Legislative Action:**

- The unique range and scope of Shands at UF services allows the hospital to provide care to patients and families from every one of Florida's 67 counties. Last year Shands at UF provided care to 18,000 uninsured patients. Approximately 9,000 of them live outside Alachua County, and nearly 3,000 came from outside Shands' Primary service area in north central Florida – some from as far as south and west Florida. The historical \$9.7 million recurring appropriation has helped defray the costs to Shands of providing care to these needy patients and families.
- The \$9.7 million in state funding generates over \$17 million in federal funds for the state that are lost without these matching funds.
- The funding was designated for use primarily by Shands, but also benefited other hospital systems in helping to fund their Graduate Medical Education Programs. Statewide, the vetoed amount would have provided over \$13.2 million in funding for Graduate Medical Education Programs that benefit all the state's six statutory teaching hospitals by assisting in funding residency slots in hospitals: Shands at UF - \$3.4 million, Jackson Memorial - \$4.0 million, Tampa General - \$1.9 million, Shands Jacksonville - \$1.6 million, Orlando Regional - \$1.2 million, Mt. Sinai - \$1.1 million.
- Beginning in Fiscal Year 2010-11 and not including any cost of the uninsured, the statewide Medicaid shortfall will exceed \$750 million for hospital care provided to the 2.8 million Floridians who are covered by the Medicaid program. Shands' portion of this Medicaid shortfall exceeds \$36 million. \$9.9 million of the funding would have been used for rate

adjustments for Shands to help mitigate a portion of the \$36 million of unfunded cost of caring for Medicaid patients.

**Governor's Veto:**

- Governor Crist stated publically that the funds were vetoed because they did not adhere to the normal process for appropriations of this kind and had not been thoroughly vetted publically.
- The assertion that the funds did not receive a public vetting is false. The funding for Shands has been included in the GAA dating back to 1981. In addition, Governor Crist has recommended this funding in his budget submissions to the legislature for the last four years, including his budget request for Fiscal Year 2010-11.

**Effect of Veto Override:**

- Absent the \$9.7 million state funds, Shands will be forced to make difficult budget reductions potentially including:
  - Elimination of up to 75 medical residencies at both Shands teaching hospitals
  - Termination of the 10-bed inpatient psychiatric unit which served over 200 patients last year
  - Terminating the 8-bed burn unit (one of only four in the state all operated at teaching hospitals) that served 280 patients last year;
  - Termination of the Shands at UF Level 1 Trauma Center which is the only Level 1 south of Jacksonville and north of Orlando
  - Reduction to the Children Heart Services Program that provides costly care to pediatric heart patients
  - Restriction of admissions to underfunded Medicaid and charity patients